CITY OF SCOTTSDALE

Flexible Spending Account Program

Give yourself a raise, without having to ask your boss...

Pay for

expenses you

Flexible Spending Accounts allow you to save from 25-40% on the money you set aside to help pay for your out-of-pocket medical or dependent care (typically childcare) expenses. The money is deducted pre-tax, meaning you avoid paying Federal income tax and FICA taxes on the money you set aside. Each year during open enrollment (or, if you are a new employee, during the period you are eligible to enroll) you decide how much you want to set aside as your annual election. The annual pre-tax dollars & save amount is then deducted from each pay period over the course of the year.

You can set aside up to \$3,000 for healthcare & up to \$5,000 for dependent care (\$2,500 if you do not file a joint tax return) for the 2007 Plan Year.

When you have expenses, you submit a claim form and an itemized statement of services to ASI for processing. Payments for valid claims will be issued within one business day of receipt. ASI can deposit your reimbursement into a checking or savings account & send you an email notification of the payment information. The reimbursements are tax free!

Put some thought into how much you want to set aside, because any dollar amount that you are unable to submit valid claims for will be forfeited. Don't let the "use it or lose it" clause already have with scare you.

> If you are new to Flex Spending, start out small. Most people aren't aware of how much money they are spending on expenses such as childcare or medical expenses. During the first year, keep track of all of your expenses even after you have used up all of your funds. This way you will have a much better idea of how much to set aside during the next open enrollment period. If you have questions about an eligible expense, check out ASI's website (www.asiflex.com) or call an ASI benefit counselor at (800) 659-3035.

2007 Plan Year:

Don't forget that you have to re-enroll (even if you want everything to stay the same).

Enrollment deadline is November 10th. 2006.

Open Enrollment runs from October 23rd -November 10th.

DEPENDENT CARE SPENDING ACCOUNT

ASI Contact Info:

Web: www.asiflex.com

Email: asi@asiflex.com

Phone: (800) 659-3035

Fax: (866) 381-9682

ependent Care Flexible Spending Accounts are designed to create a tax break for participants while you, or you and your spouse (if you are married), are working or looking for work or are a full-time student. The IRS mandates that no more than \$5,000 per household (\$2,500 if you do not file a joint tax return) be set aside in the Dependent Care FSA for a given calendar year.

Dependent Care FSAs are setup a little differently than the Healthcare FSA. ASI can only reimburse you the amount you have contributed to the Dependent Care account. Any amounts requested above the amount contributed will be automatically reimbursed as subsequent contributions are deducted from your paycheck.

Please note that IRS regulations disallow reimbursement for services that have not yet been provided, so if you pay in advance for your expenses, you can only claim service periods that have already occurred.

Eligible expenses include daycare, babysitting, & general purpose day camps. Ineligible Expenses include overnight camps, care provided by a dependent & care provided while you are not at work.

CITY OF SCOTTSDALE Flexible Benefits Program

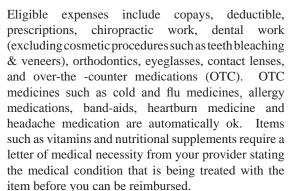
HEALTH CARE SPENDING ACCOUNT

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per year. Help offset this additional expense by setting aside up to \$3,000 in your pre-tax healthcare flexible spending account for the 2007 Plan Year (January 1 - December 31, 2007. You can avoid paying State and Federal income & FICA taxes on out-of-pocket medical expenses incurred by you or any of your dependents (a dependent is any individual you can claim on your Federal Income Tax Return). Please note that your dependents do not have to be enrolled in the City of Scottsdale's health insurance program to have their expenses qualify for reimbursement.

As soon as you incur an expense, you can submit a claim to ASI for reimbursement. Fill out a claim form and attach an itemized statement of services from your provider and ASI will reimburse you for all eligible expenses.

Y O U R



Check out www.asiflex.com for more details on how the pre-tax program works, as well as a more detailed list of eligible expenses.

FSA Reminder:

You must re-enroll each year for the Flexible Spending Program, even if you don't want to make any changes.

Expenses for your tax dependents do qualify, even if they are not on the City's health insurance program.

FLEXIBLE MEDICAL BENEFITS WORKSHEET

Annual estimated expenses for services rendered during the upcoming plan year that will not be reimbursed by your medical and/or dental plans:

TOTAL ANNUAL MEDICAL EXPENSES:	\$
Dental Work	\$
Eyeglasses/Contact lenses expense	\$
Chiropractic expenses	\$
Over-the-counter meds	\$ It really adds up
Hearing Aids	\$
Non-covered prescriptions (birth control, etc.)	\$
Routine office visits	\$
Deductible, copays & coinsurance	\$